

Translation

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## Summary of Consolidated Financial Results for the Year Ended March 31, 2022 (Based on Japanese GAAP)

May 13, 2022

Company name: Sakai Chemical Industry Co., Ltd.  
 Stock exchange listing: Tokyo  
 Stock code: 4078 URL <http://www.sakai-chem.co.jp>  
 Representative: President, Representative Director Masaaki Yabe  
 Director, General Manager of Accounting & Finance Department  
 Inquiries: Hiroyuki Hattori TEL 072-223-4111  
 Scheduled date of ordinary general meeting of shareholders: June 28, 2022  
 Scheduled date to file Securities Report: June 28, 2022  
 Scheduled date to commence dividend payments: –  
 Preparation of supplementary material on financial results: No  
 Holding of financial results meeting: Yes (for analysts)

(Amounts less than one million yen are rounded down)

### 1. Consolidated financial results for the year ended March 31, 2022 (from April 1, 2021 to March 31, 2022)

#### (1) Consolidated operating results

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ended March 31, 2022	80,135	(5.6)	7,494	74.1	8,840	120.3	6,747	–
Year ended March 31, 2021	84,918	(2.6)	4,304	7.2	4,012	(4.7)	(2,803)	–

	Earnings per share	Diluted earnings per share	Profit attributable to owners of parent/equity	Ordinary profit/total assets	Operating profit/net sales
	Yen	Yen	%	%	%
Year ended March 31, 2022	407.06	–	8.7	7.2	9.4
Year ended March 31, 2021	(166.58)	–	(3.6)	3.3	5.1

#### (2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2022	123,919	82,708	63.6	4,875.69
As of March 31, 2021	123,007	79,264	61.6	4,502.33

#### (3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended March 31, 2022	6,567	(1,654)	(5,654)	10,549
Year ended March 31, 2021	7,826	(7,422)	1,667	11,153

### 2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Dividend payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Year ended March 31, 2021	–	15.00	–	0.00	15.00	252	–	0.3
Year ended March 31, 2022	–	35.00	–	35.00	70.00	1,155	17.2	1.5
Year ending March 31, 2023 (Forecast)	–	45.00	–	45.00	90.00		29.8	

3. Forecast of consolidated financial results for the year ending March 31, 2023 (from April 1, 2022 to March 31, 2023)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months ending September 30, 2022	42,500	6.5	3,700	(15.1)	3,700	(19.5)	2,600	(18.2)	156.86
Full year	85,000	6.1	7,000	(6.6)	7,100	(19.7)	5,000	(25.9)	301.65

4. Notes

(1) Changes in significant subsidiaries during the year ended March 31, 2022

(changes in specified subsidiaries resulting in the change in scope of consolidation): No

(2) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements

Changes in accounting policies due to revisions to accounting standards and other regulations: Yes

Changes in accounting policies due to other reasons: No

Changes in accounting estimates: No

Restatement of prior period financial statements: No

(3) Number of issued shares (common shares)

Total number of issued shares at the end of the period (including treasury shares)

As of March 31, 2022	17,000,000 shares	As of March 31, 2021	17,000,000 shares
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Number of treasury shares at the end of the period

As of March 31, 2022	827,228 shares	As of March 31, 2021	163,081 shares
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Average number of shares during the period

Year ended March 31, 2022	16,575,246 shares	Year ended March 31, 2021	16,830,516 shares
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**Consolidated financial statements**  
**Consolidated balance sheets**

(Millions of yen)

	As of March 31, 2021	As of March 31, 2022
<b>Assets</b>		
Current assets		
Cash and deposits	11,093	10,800
Notes and accounts receivable - trade	27,170	29,908
Merchandise and finished goods	12,102	13,026
Work in process	3,184	3,581
Raw materials and supplies	5,547	6,503
Other	1,204	1,717
Allowance for doubtful accounts	(41)	(40)
Total current assets	60,260	65,496
Non-current assets		
Property, plant and equipment		
Buildings and structures	44,262	46,808
Accumulated depreciation	(27,152)	(28,204)
Buildings and structures, net	17,110	18,604
Machinery, equipment and vehicles	74,760	76,267
Accumulated depreciation	(62,680)	(63,978)
Machinery, equipment and vehicles, net	12,080	12,288
Tools, furniture and fixtures	6,988	7,114
Accumulated depreciation	(5,733)	(5,981)
Tools, furniture and fixtures, net	1,254	1,133
Land	14,662	14,696
Construction in progress	3,513	1,411
Total property, plant and equipment	48,621	48,134
Intangible assets		
Goodwill	1,281	1,146
Other	425	372
Total intangible assets	1,706	1,519
Investments and other assets		
Investment securities	9,378	4,859
Retirement benefit asset	46	51
Deferred tax assets	2,474	3,352
Other	550	534
Allowance for doubtful accounts	(30)	(29)
Total investments and other assets	12,418	8,769
Total non-current assets	62,746	58,423
Total assets	123,007	123,919

(Millions of yen)

	As of March 31, 2021	As of March 31, 2022
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	7,966	9,452
Short-term borrowings	8,651	8,202
Income taxes payable	862	1,771
Provision for bonuses	1,228	1,371
Other provisions	98	137
Other	7,369	5,836
Total current liabilities	26,178	26,771
Non-current liabilities		
Long-term borrowings	11,787	8,756
Provision for environmental measures	133	139
Retirement benefit liability	5,155	5,190
Deferred tax liabilities	161	76
Other	326	277
Total non-current liabilities	17,564	14,439
Total liabilities	43,742	41,211
<b>Net assets</b>		
Shareholders' equity		
Share capital	21,838	21,838
Capital surplus	16,302	16,299
Retained earnings	35,431	41,433
Treasury shares	(336)	(1,798)
Total shareholders' equity	73,236	77,772
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,799	1,202
Deferred gains or losses on hedges	14	6
Foreign currency translation adjustment	(281)	(149)
Remeasurements of defined benefit plans	36	21
Total accumulated other comprehensive income	2,568	1,081
Non-controlling interests	3,459	3,854
Total net assets	79,264	82,708
Total liabilities and net assets	123,007	123,919

**Consolidated statements of income and consolidated statements of comprehensive income**  
**Consolidated statements of income**

(Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Net sales	84,918	80,135
Cost of sales	67,696	59,090
Gross profit	17,222	21,045
Selling, general and administrative expenses	12,918	13,550
Operating profit	4,304	7,494
Non-operating income		
Interest income	13	8
Dividend income	226	219
Insurance claim income	38	52
Foreign exchange gains	–	389
Subsidies for employment adjustment	219	23
Subsidy income	–	771
Other	69	117
Total non-operating income	567	1,581
Non-operating expenses		
Interest expenses	89	73
Foreign exchange losses	59	–
Shutdown costs	543	8
Other	166	154
Total non-operating expenses	858	235
Ordinary profit	4,012	8,840
Extraordinary income		
Gain on sale of non-current assets	0	30
Gain on sale of investment securities	1,522	1,533
Total extraordinary income	1,523	1,563
Extraordinary losses		
Impairment losses	7,041	–
Loss on explosion and fire accident	–	294
Loss on retirement of non-current assets	332	613
Loss on sale of investment securities	3	272
Loss on valuation of investment securities	186	0
Other	8	–
Total extraordinary losses	7,573	1,180
Profit (loss) before income taxes	(2,037)	9,223
Income taxes - current	1,378	2,389
Income taxes - deferred	(956)	(269)
Total income taxes	422	2,119
Profit (loss)	(2,459)	7,104
Profit attributable to non-controlling interests	343	357
Profit (loss) attributable to owners of parent	(2,803)	6,747

## Consolidated statements of comprehensive income

(Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Profit (loss)	(2,459)	7,104
Other comprehensive income		
Valuation difference on available-for-sale securities	899	(1,603)
Deferred gains or losses on hedges	13	(10)
Foreign currency translation adjustment	(151)	238
Remeasurements of defined benefit plans, net of tax	55	(14)
Total other comprehensive income	818	(1,390)
Comprehensive income	(1,641)	5,714
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(1,967)	5,259
Comprehensive income attributable to non-controlling interests	325	454

## Consolidated statements of changes in equity

Fiscal year ended March 31, 2021

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	21,838	16,301	38,824	(376)	76,587
Cumulative effects of changes in accounting policies					
Restated balance	21,838	16,301	38,824	(376)	76,587
Changes during period					
Dividends of surplus			(588)		(588)
Profit (loss) attributable to owners of parent			(2,803)		(2,803)
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares		1		40	42
Change in ownership interest of parent due to transactions with non-controlling interests		0			0
Net changes in items other than shareholders' equity					-
Total changes during period	-	1	(3,392)	40	(3,350)
Balance at end of period	21,838	16,302	35,431	(336)	73,236

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	1,929	3	(181)	(19)	1,732	3,172	81,492
Cumulative effects of changes in accounting policies							
Restated balance	1,929	3	(181)	(19)	1,732	3,172	81,492
Changes during period							
Dividends of surplus							(588)
Profit (loss) attributable to owners of parent							(2,803)
Purchase of treasury shares							(0)
Disposal of treasury shares							42
Change in ownership interest of parent due to transactions with non-controlling interests							0
Net changes in items other than shareholders' equity	870	10	(100)	55	836	286	1,122
Total changes during period	870	10	(100)	55	836	286	(2,227)
Balance at end of period	2,799	14	(281)	36	2,568	3,459	79,264

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	21,838	16,302	35,431	(336)	73,236
Cumulative effects of changes in accounting policies			(155)		(155)
Restated balance	21,838	16,302	35,275	(336)	73,080
Changes during period					
Dividends of surplus			(589)		(589)
Profit (loss) attributable to owners of parent			6,747		6,747
Purchase of treasury shares				(1,500)	(1,500)
Disposal of treasury shares		(3)		37	34
Change in ownership interest of parent due to transactions with non-controlling interests					
Net changes in items other than shareholders' equity		0			0
Total changes during period	–	(3)	6,157	(1,462)	4,691
Balance at end of period	21,838	16,299	41,433	(1,798)	77,772

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	2,799	14	(281)	36	2,568	3,459	79,264
Cumulative effects of changes in accounting policies							(155)
Restated balance	2,799	14	(281)	36	2,568	3,459	79,108
Changes during period							
Dividends of surplus							(589)
Profit (loss) attributable to owners of parent							6,747
Purchase of treasury shares							(1,500)
Disposal of treasury shares							34
Change in ownership interest of parent due to transactions with non-controlling interests							
Net changes in items other than shareholders' equity	(1,596)	(8)	132	(14)	(1,487)	395	(1,092)
Total changes during period	(1,596)	(8)	132	(14)	(1,487)	395	3,599
Balance at end of period	1,202	6	(149)	21	1,081	3,854	82,708

## Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Cash flows from operating activities		
Profit (loss) before income taxes	(2,037)	9,223
Depreciation	4,243	4,333
Impairment losses	7,041	–
Gain on sales of investment securities	(1,522)	(1,533)
Increase (decrease) in allowance for doubtful accounts	8	(1)
Increase (decrease) in provision for bonuses	(15)	142
Increase (decrease) in retirement benefit liability	37	10
Loss on valuation of investment securities	186	0
Interest and dividend income	(239)	(227)
Interest expenses	89	73
Decrease (increase) in trade receivables	(1,405)	(2,760)
Decrease (increase) in inventories	2,225	(2,168)
Increase (decrease) in trade payables	(4)	1,336
Other, net	389	(576)
Subtotal	8,996	7,852
Interest and dividends received	240	227
Interest paid	(89)	(71)
Income taxes paid	(1,321)	(1,440)
Net cash provided by (used in) operating activities	7,826	6,567
Cash flows from investing activities		
Purchase of property, plant and equipment	(9,567)	(5,064)
Proceeds from sale of property, plant and equipment	1	60
Purchase of investment securities	(101)	(30)
Proceeds from sale of investment securities	2,412	3,591
Other, net	(167)	(211)
Net cash provided by (used in) investing activities	(7,422)	(1,654)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	57	(1,394)
Proceeds from long-term borrowings	4,900	300
Repayments of long-term borrowings	(2,662)	(2,410)
Purchase of treasury shares	(0)	(1,500)
Dividends paid	(589)	(589)
Dividends paid to non-controlling interests	(37)	(58)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	(0)	(0)
Net cash provided by (used in) financing activities	1,667	(5,654)
Effect of exchange rate change on cash and cash equivalents	(66)	138
Net increase (decrease) in cash and cash equivalents	2,004	(603)
Cash and cash equivalents at beginning of period	9,148	11,153
Cash and cash equivalents at end of period	11,153	10,549